

## RATING ACTION COMMENTARY

# Fitch Upgrades 13 Italian LRGs on Sovereign Rating Action; Outlook Stable

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Fitch Ratings - Milan - 24 Sep 2025: Fitch Ratings has upgraded 13 Italian local and regional governments' (LRGs) Long-Term Foreign and Local-Currency Issuer Default Ratings (LT IDRs) and Short-Term Foreign-Currency IDRs (ST IDRs). The Outlooks are Stable. A full list of rating actions is below.

Fitch upgraded the LT IDRs to 'BBB+', from 'BBB', and the ST IDR to 'F1', from 'F2', for the regions of Calabria, Marche, Lazio, Piemonte and Veneto, the cities of Busto Arsizio, Milan and Naples and the Metropolitan City of Milan.

Fitch upgraded the LT IDR to 'A', from 'A-', and the ST IDR to 'F1+', from 'F1', for the Autonomous Provinces of Trento and Bolzano and for the Autonomous Regions of Valle d'Aosta and Friuli Venezia Giulia.

Fitch has also upgraded the senior unsecured debt of Lazio, Piemonte, Naples, and Metropolitan City of Milan to 'BBB+', from 'BBB'. Fitch has upgraded Valle d'Aosta's senior unsecured notes to 'A', from 'A-', and simultaneously withdrawn the rating for commercial reasons.

Under applicable credit rating agency (CRA) regulations, the publication of local and regional governments reviews is subject to restrictions and required according to a published schedule, except where it is necessary for CRAs to deviate to comply with the CRAs' obligation to issue credit ratings based on all available and relevant information and disclose credit ratings in a timely manner. We interpret these provisions as allowing us to publish a rating review in situations where there is a material change in the creditworthiness of the issuer that we believe makes it inappropriate for us to wait until the next scheduled review date to update the rating or Outlook/Watch status.

The next scheduled review dates are:

Metropolitan City of Milan: 10 October 2025

Regions of Calabria, Marche, Lazio, Piemonte, and Veneto: 21 November 2025

Autonomous Provinces of Trento and Bolzano, Autonomous Regions of Valle d'Aosta and Friuli Venezia Giulia: 12 December 2025

Cities of Busto Arsizio, Milan and Naples will be reviewed in 2026.

Fitch believes that the recent upgrade of Italy warrants such a deviation from the calendar and our rationale for this is set out in the first part (High weight factors) of the Key Rating Drivers section below.

## KEY RATING DRIVERS

### HIGH - Sovereign Cap

The upgrades of the 13 Italian LRGs reflects the upgrade of the Italian sovereign to 'BBB+' on 19 September 2025 (see "Fitch Upgrades Italy to BBB+; Outlook Stable" at <https://www.fitchratings.com/site/pr/10322177>)

Italian LRGs in ordinary statute regions are subject to decisions of the central government that influence their finances and responsibilities, and for this reason their ratings are capped by the sovereign rating (BBB+/Stable). This is the case for LRGs with Standalone Credit Profiles (SCP) above the sovereign ratings, such as Marche, Veneto, the Metropolitan City of Milan, Busto Arsizio and City of Milan. The SCP of Calabria is now aligned with the sovereign.

Italian LRGs receive consistent support from the state. Italian LRGs benefit from state transfers, inter-governmental lending and extraordinary support in the form of capital revenue or tax exemptions in case of unpredictable events or large projects. Lazio and Piemonte benefit from substantial inter-governmental lending at favourable rates from the Italian Ministry of Finance, which we view as junior to market debt (about 50% for Lazio and 40% for Piemonte). Naples receives state transfers under the Pact for Naples to address excessive deficits and intergovernmental loans, which are nearly half of its adjusted debt. This sovereign support lifts their IDRs to Italy's level.

Special autonomies can be rated above the sovereign due to their recognised special status under the Italian Constitution, and their financial and fiscal autonomy. Consequently, Valle d'Aosta, Friuli Venezia Giulia, Trento and Bolzano are rated above the sovereign due to their institutional strength, high financial autonomy and strong

SCPs. Their IDRs are capped at two notches above the sovereign's rating, reflecting the risk of national government interference in their finances in the event of distress.

## LOW

The LRGs' other key rating drivers are unchanged, as are the SCPs. For other key rating drivers, see the previous published rating action commentary for each LRG.

## DERIVATION SUMMARY

The SCPs of Friuli Venezia Giulia, Trento and Bolzano are 'aaa', reflecting their 'High Midrange' risk profiles and financial profiles assessed in the 'aaa' category. The SCP of Valle d'Aosta of 'aa+' reflects the combination of a 'Midrange' risk profile and a 'aaa' financial profile. Fitch constrains their IDRs at two notches above the sovereign's rating, accounting for their strong finances and potential state interference in sovereign or macroeconomic stress.

Marche's 'aa' SCP combines a 'Midrange' risk profile with a 'aaa' financial profile. The SCPs of Veneto, City of Milan and Busto Arsizio at 'a+' and the Metropolitan City of Milan at 'a-' reflect the combination of a 'Midrange' risk profile and an 'aa' financial profile. Their IDRs are all capped at the sovereign rating.

Calabria's 'bbb+' SCP reflects a 'Midrange' risk profile and an 'a' financial profile. Its IDR is in line with the sovereign rating.

The SCPs of Piemonte at 'bb+', Lazio at 'bb-' and Naples at 'bb' reflect their 'Midrange' risk profiles and 'bbb' financial profiles. Their IDRs benefit from uplifts to the sovereign level, due to support represented by a high share of inter-governmental lending and ad hoc transfers.

## KEY ASSUMPTIONS

Qualitative Assumptions and Assessments and weight in the rating decision:

- Risk Profile: 'High Midrange' (Bolzano, Friuli Venezia Giulia and Trento); 'Midrange' (Calabria, Lazio, Marche, Piemonte, Veneto, Valle d'Aosta, Metropolitan City of Milan, City of Milan, Busto Arsizio, and Naples) - Unchanged with Low weight

- Revenue Robustness: 'Stronger' (Bolzano and Trento); 'Midrange' (Calabria, Lazio, Marche, Piemonte, Veneto, Friuli Venezia Giulia, Valle d'Aosta, Metropolitan City of Milan, City of Milan, Busto Arsizio, and Naples) - Unchanged with Low weight

- Revenue Adjustability: 'Stronger' (Bolzano, Friuli Venezia Giulia, Trento and Veneto); 'Midrange' (Calabria, Lazio, Marche, Piemonte, Valle d'Aosta, Busto Arsizio and City of Milan); 'Weaker' (Metropolitan City of Milan and Naples) - Unchanged with Low weight
  
- Expenditure Sustainability: 'Midrange' (Calabria, Lazio, Marche, Piemonte, Veneto, Bolzano, Friuli Venezia Giulia, Trento, Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio, City of Milan and Naples) - Unchanged with Low weight
  
- Expenditure Adjustability: 'Stronger' (Bolzano, Friuli Venezia Giulia and Trento); 'Midrange' (Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio and City of Milan); 'Weaker' (Calabria, Lazio, Marche, Piemonte, Veneto and Naples) - Unchanged with Low weight
  
- Liabilities and Liquidity Robustness: 'Stronger' (Calabria, Lazio, Marche, Piemonte, Veneto, Bolzano, Friuli Venezia Giulia, Trento, Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio, City of Milan and Naples) - Unchanged with Low weight
  
- Liabilities and Liquidity Flexibility: 'Midrange' (Calabria, Lazio, Marche, Piemonte, Veneto, Bolzano, Friuli Venezia Giulia, Trento, Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio, City of Milan and Naples) - Unchanged with Low weight
  
- Financial profile: 'aaa' (Marche, Bolzano, Friuli Venezia Giulia, Trento and Valle d'Aosta); 'aa' (Veneto, Metropolitan City of Milan, Busto Arsizio and City of Milan); 'a' (Calabria); 'bbb' (Lazio, Piemonte and Naples) - Unchanged with Low weight
  
- Budget loans (Notches): 5 (Lazio); 4 (Piemonte) - Increased with High weight; N/A (Calabria, Marche, Veneto, Bolzano, Friuli Venezia Giulia, Trento, Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio, City of Milan and Naples) - Unchanged with Low weight
  
- Ad Hoc Support (Notches): 4 (Naples) - Increased with High weight; N/A (Calabria, Lazio, Marche, Piemonte, Veneto, Bolzano, Friuli Venezia Giulia, Trento, Valle d'Aosta, Metropolitan City of Milan, Busto Arsizio and City of Milan) - Unchanged with Low weight
  
- Asymmetric Risks (Notches): N/A, Unchanged with Low weight
  
- Floor: N/A, Unchanged with Low weight
  
- Sovereign Cap: 'BBB+', Improved with High weight
  
- Sovereign Cap (Local Currency): 'BBB+', Improved with High weight

## Quantitative assumptions - issuer-specific: Unchanged with low weight

Fitch's rating case is a "through-the-cycle" scenario, which incorporates a combination of revenue, cost and financial risk stresses. It is based on 2020-2024 published figures and 2025-2029 projected ratios. For quantitative assumptions (issuer-specific), see the previous published rating action commentary for each entity. There were no changes and their weight is low in the rating action.

## Quantitative assumptions - Sovereign Related

Figures as per Fitch's sovereign actual for 2024 and forecast for 2027, respectively (no weights and changes since the last review are included as none of these assumptions were material to the rating action).

- GDP per capita (US dollar and market exchange rate): 40,215; 47,027

- Real GDP growth (%): 0.7; 0.7

- Consumer prices (annual average % change): 1.1; 1.9

- General government balance (% of GDP): -3.4; -2.4

- General government debt (% of GDP): 135.3; 137.2

- Current account balance plus net FDI (% of GDP): 0.6; 1.2

- Net external debt (% of GDP): 32.0; 24.9

- IMF Development Classification: Developed Markets

- CDS Market Implied Rating: 'A'

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

A negative action on the sovereign would be reflected in the LRGs ratings.

For entity's specific negative sensitivities, see each individual rating action commentary available at [www.fitchratings.com](http://www.fitchratings.com)

## Factors that Could, Individually or Collectively, Lead to Positive Rating

### Action/Upgrade

- An upgrade of the sovereign would be reflected on the LRGs ratings, all else being equal and provided the SCP of the LRG is above the sovereign IDR or government support is sufficient to uplift the IDR to the sovereign rating.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The ratings of the 13 LRGs are credit-linked to Italy's.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕		PRIOR ↕
Trento, Autonomous Province of	LT IDR	A Rating Outlook Stable	A- Rating Outlook Positive
	Upgrade		
	ST IDR	F1+ Upgrade	F1
	LC LT IDR	A Rating Outlook Stable	A- Rating Outlook Positive
	Upgrade		



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**APPLICABLE CRITERIA**

[International Local and Regional Governments Rating Criteria \(pub. 17 Aug 2024\)](#)  
(including rating assumption sensitivity)

**ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

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**ENDORSEMENT STATUS**

Busto Arsizio, City of

EU Issued, UK Endorsed

Milan, City of

EU Issued, UK Endorsed

Naples, City of

EU Issued, UK Endorsed

Metropolitan City of Milan	EU Issued, UK Endorsed
Calabria, Region of	EU Issued, UK Endorsed
Lazio, Region of	EU Issued, UK Endorsed
Marche, Region of	EU Issued, UK Endorsed
Piemonte, Region of	EU Issued, UK Endorsed
Veneto, Region of	EU Issued, UK Endorsed
Bolzano, Autonomous Province of	EU Issued, UK Endorsed
Trento, Autonomous Province of	EU Issued, UK Endorsed
Valle d'Aosta, Autonomous Region of	EU Issued, UK Endorsed
Friuli Venezia Giulia, Autonomous Region of	EU Issued, UK Endorsed

## UNSOLICITED ISSUERS

### Bolzano, Autonomous Province of (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

### Friuli Venezia Giulia, Autonomous Region of (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

### Lazio, Region of (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

### Milan, City of (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	Yes
With Access to Management	Yes

### Valle d'Aosta, Autonomous Region of (Unsolicited)

With Rated Entity or Related Third Party Participation	Yes
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ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
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ENTITY/SECURITY	ISIN/CUSIP	RATING TYPE	SOLICITATION STATUS
Bolzano, Autonomous Province of	-	Long Term Issuer Default Rating	Unsolicited
Bolzano, Autonomous Province of	-	Local Currency Long Term Issuer Default Rating	Unsolicited
Bolzano,	-	Short Term Issuer Default Rating	Unsolicited

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